

Message Text

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17

ACTION FRB-01

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02

PA-02 PRS-01 USIA-15 /096 W

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R 180936Z FEB 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8051

UNCLAS TOKYO 2059

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: MITSUBISHI BANK MADE SUBJECT TO U.S. BANK HOLDING COMPANY ACT

PASS FEDERAL RESERVE

1. JAPANESE AND ENGLISH LANGUAGE PRESS REPORT THAT MITSUBISHI BANK HAS BEEN REQUESTED BY FEDERAL RESERVE BOARD TO REDUCE ITS STOCK HOLDINGS IN YAMAICHI SECURITIES CO TO 5 PERCENT BY JAN 1976 FROM PRESENT 8 PERCENT. REPORTS STATE THAT FRB SAID IN LETTER TO MITSUBISHI BANK THAT BANK MUST OBSERVE U.S. LAW RESTRICTING STOCK HOLDINGS BY BANKS.

2. PRESS REPORTS STATE THAT FUJI BANK AND INDUSTRIAL BANK OF JAPAN WILL HAVE TO REDUCE THEIR EQUITY HOLDINGS IN YAMAICHI SECURITIES CO IN 2 YEARS. REPORTS ALSO STATE THAT YAMAICHI SECURITIES CO SAID IT SAW LITTLE DIFFICULTY IN HAVING THREE OF ITS BIGGEST SHAREHOLDERS REDUCE THEIR EQUITY INTERETS IN THE BROKERAGE HOUSE TO LEVELS REQUIRED BY U.S. FEDERAL LAW. YAMAICHI SAID THAT EQUITY HOLDINGS WILL BE TRANSFERRED TO OTHER JAPANESE FINANCIAL INSTITUTIONS NOT CONDUCTING OPERATIONS IN U.S. AND, THEREFORE, NOT SUBJECT UNCLASSIFIED

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TO U.S. REGULATIONS. ARTICLE EXPLAINED THAT THE FOREIGN

BANKS AS WELL AS DOMESTIC BANKS OPERATING IN U.S. ARE
REQUIED TO LIMIT THEIR EQUITY OWNERSHIP IN OTHER FIRMS
BELOW SPECIFIED LEVELS UNDER BANK HOLDING COMPANY ACT.

3. ACTION REQUESTED:REPORT ON FRB ACTION, IF ANY TAKEN.
EMBASSY WOULD FIND HELPFUL RECEIVING BACKGROUND INFORMATION
ON GENERAL U.S. POLICY REGARDING APPLICATION OF
HOLDING COMPANYACT TO FOREIGN BANKING IN U.S.
HODGSON

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